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PSC Seeks Remedy For False Information In Energy West's Bill Insert

The state Public Service Commission contends bill inserts mailed out to customers this month by Energy West of Great Falls contain misleading and incorrect information about the company's 33-percent natural gas rate hike that took effect March 1. The PSC will decide at a work session at 9 a.m. next Tuesday what action it will take in response.

Commissioner Bob Anderson, whose PSC district includes Great Falls, blasted Energy West for false statements in the bill insert and called on the company to stop the presses and issue a public correction.

"Statements in the bill insert claim that the PSC approved a 33-percent rate increase instead of the company's recommendation for a 14-percent increase," Anderson said. "That's false--the company made no such recommendation."

Anderson also said the PSC may order Energy West to come in and explain why it lied to its customers and blamed the PSC for the rate increase.

The bill insert correctly states that Energy West's wholesale gas costs over the last two years were \$8 million higher than the company collected in rates. But, according to the PSC, that's where the truth stops.

In the proceeding that resulted in the rate hike, Energy West and the Montana Consumer Counsel submitted for PSC consideration a joint settlement agreement for cost recovery for that \$8 million and amortization (spreading it out) in rates. But the agreement contained no recommendations on rate increases. Instead, Energy West and the MCC provided three options: a 32.2-percent increase over one year; a 19.5-percent increase over two years, with \$365,000 in carrying costs; or a 14.9-percent increase over three years, with \$403,000 in carrying costs.

The agreement requested that the PSC choose whichever option it believed would best serve the public interest and said any alternative would be acceptable. The PSC chose the first option.

"We did that for two reasons," according to Anderson. "First, that option saved customers up to \$403,000 in carrying costs. Second, it gets the increase over with faster and gives customers a better price signal for the true market cost of natural gas. Customers can hopefully respond to that price signal by making personal decisions about gas usage and conservation."

The PSC encourages customers to check out the PSC web site (<http://psc.state.mt.us>) for an explanation of "What's going on with natural gas prices" and what customers can do about them. Anderson said wholesale natural gas costs are unregulated and they are what they are because of national supply and demand cycles. But customers can ease their impact through:

- conservation, with a variety of measures from furnace efficiency to weatherization
- budget billing, to level the bills through the year
- the Low Income Energy Assistance Program, administered by Opportunities, Inc. (761-0310)
- Energy Share, a private bill assistance program (1-800-777-7589).

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